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## **OLR Bill Analysis**

### **sSB 1044**

#### ***AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY.***

#### **SUMMARY:**

The law allows the Connecticut Health and Educational Facilities Authority (CHEFA) to establish a special capital reserve fund (SCRF) to finance up to \$100 million in equipment for participating health care institutions (e.g., hospitals) at the discretion of the state treasurer and Office of Policy and Management secretary. This bill allows the SCRF to also finance certain capital projects at health care institutions that have below-investment grade long-term bond ratings from at least one rating agency. These projects include (1) buildings for hospitals; clinics; laboratories; laundries; employee and student housing; administration; research; and maintenance, storage, and utility facilities, including parking, and (2) installation and any building renovations or alterations needed for any of these purposes. The bill also makes technical changes.

SCRF-backed bonds are contingent liabilities of the state; if a SCRF is exhausted, the General Fund automatically replenishes it, regardless of the state spending cap. By law, CHEFA cannot issue bonds secured by a SCRF unless it determines that project revenues are sufficient to (1) pay the bonds' principal and interest; (2) establish, increase, and maintain any reserves it deems advisable to secure principal and interest payments; (3) pay the project's maintenance and insurance costs; and (4) pay other required project costs.

EFFECTIVE DATE: July 1, 2013

#### **BACKGROUND**

##### ***Legislative History***

The Senate referred the bill (File 491) to the Finance, Revenue and

Bonding Committee, which reported a substitute bill that (1) adds the requirement that the health care institution have a below-investment grade bond rating and (2) makes technical changes.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/26/2013)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 38 Nay 12 (05/06/2013)